NEUTRALS 2.

1. Mr. A. G. Menon. | 2. Mr. D. Francis.

Mr. Revati Nal Rama Varma Raja's motion was declared carried.

THE INCOME TAX REGULATION AMENDMENT BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I rise to introduce a Bill to amend the IncomeTax Regulation which as I said yesterday has been published in the Gazette with a statement of objects and reasons. I now beg to move that the Bill be read in Council.

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): I second it.

MR. A. THANU PILLAI (*Trivandrum*): I rise to a point of order. It was only a minute ago that one point of order was raised and the same point of order would apply in this instance also. The facts I have to adduce in support of the point of order are the same as those advanced before. So I need not waste the time of the Council.

DEPUTY PRESIDENT: You say that the Bill cannot be taken into consideration because there has not been publication in the Gazette as contemplated in Rule 29 of the Legislative Council Rules. I have already given the ruling on the question in connection with the Revenue Recovery Regulation amendment Bill and for the point of order you now raise, the same ruling of mine will apply.

MR. A. THANU PILLAI (*Trivandrum*): I do not think I am precluded from raising the same point of order.

DEPUTY PRESIDENT: No, not at all.

MR. A. THANU PILLAI (*Trivandrum*): It was suggested by my friends here that—

DEPUTY PRESIDENT: There is nothing like *res judicata* in the Council.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I shall now briefly explain the principles of this Bill. Two distinct proposals are made by this Bill. The first and the more important of the two is the imposition of a super-tax on excess incomes above a limit of Rs. 50,000 a year. A super-tax is only an additional income tax over and above the income tax now leviable and is proposed in respect of the excesses above Rs. 50,000 a year. Such a kind of tax exists in British India and Mysore. The rate that is proposed for the super-tax is a uniform rate of one chuckram twelve cash in the rupee. In British India it ranges from one anna to six annas in the rupee according to the amount of the excess income. In Mysore the rate is a uniform rate of one anna. A uniform rate is proposed for Travancore too. That is the actual provision of the Bill. In support of the Bill, let me state at the outset that the object of imposing a super-tax is not to raise any additional revenue and that it is not the real intention of

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[Mr. Kayalam Parameswaran Pillai.]

Government to put any extra burden on any tax-payer or any citizen. The tea that is produced in this country when it is exported is subject to an export duty of one rupee eight annas per 100 pounds. Tea in British India was also subject to the same export duty.

MR. A. THANU PILLAI (*Trivandrum*): The statement of objects and reasons is misleading. It does not refer to any duty on tea. It says that some additional tax is going to be imposed,

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): By the super-tax proposed to be levied, Government will not get any *additional* revenue.

MR. A. THANU PILLAI (*Trivandrum*): That is why I say it is misleading.

DEPUTY PRESIDENT: It is not exhaustive.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I am glad I am proceeding to explain that.

I was saying that tea is subject to export duty. This yielded to Government something like 4·64 lakhs of rupees in 1104. The export duty on tea was abolished in British India with effect from 1st March 1927. Representations have thereafter been made to this Government that the export duty on tea should likewise be abolished here. If that is done, the Travancore revenues will naturally suffer. Alternative sources of revenue have therefore to be found. What is proposed now is to abolish the export duty on tea and impose a super-tax on excesses above Rs. 50,000 income and also to raise the taxable proportion of tea from 25 to 40 or 50 per cent. This latter is not before the House now. I was merely informing the House what our proposals are.

MR. A. THANU PILLAI (*Trivandrum*): Will this measure affect other people?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): That is what the House has to consider. Government want to make up the 4 and odd lakhs of rupees, which they would lose if the export duty is abolished. Therefore one of the proposals of Government is to impose a super-tax. It has been found that a considerable number of assessees who may be called upon to pay super-tax will be tea companies. Mr. Thanu Pillai asked whether other people than tea companies will come in for the super-tax. Yes others too may come in. But a considerable number of these will be tea producing companies and 35 per cent of the tea interests in Travancore are owned by non-Travancoreans, so that the supertax will fall on them most. And they appear to be more or less agreeable to a super-tax.

MR. REVATI NAL RAMA VARMA RAJA (*Edavagai*): ഇട്ടീഷിൽ ഈ എക്സ്പോർട്ട് ഡ്യൂട്ടി ഇല്ലയൊ?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): ഉദ്ദ്യാഠം ഇല്ല.

The tea planters are of the view that if the export duty is abolished they will stand on an equal footing with the other tea producers in the tea markets of the world.

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MR. R. KESAVA PILLAI (*Kottarakara* cum *Kunnattur*): May I know whether the loss will be compensated by this?

DEPUTY PRESIDENT: That is the position that he is developing. The Travancore producers will be in a position of equality in the markets of the world when the tea is allowed to be exported free of duty.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): If a super-tax is imposed instead of the export duty there will be some advantages. For one thing the super-tax will be on the profits and not on every pound of tea produced. Secondly these companies are subject to supertax elsewhere and when super-tax is imposed here they may get a rebate to that extent from the Governments there so that in the markets of the world the tea producers of this country will not stand any the worse. Therefore Government consider that it may be preferable to impose a super-tax and an additional income tax rather than an export duty.

MR. K. MADHAVAN PILLAI (*Trivandrum* cum *Neduvangad*): Why do you not abolish the export duty and then ask for super-tax?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): We want revenue. Government will lose the revenue if the export duty is abolished straightway without getting the supertax law. If you promise to give me the law to-day I will promise to abolish the export duty to-day.

MR. REVATI NAL RAMA VARMA RAJA (*Edavagai*): ഈ ഡ്യൂട്ടി വേണ്ടെന്നു വച്ചിട്ട് സൂപ്പർടാക്സ് വേണമെന്നു പറയുന്നതുകൊണ്ട്—ഈ പേർ മാറ്റത്തിൽ—വല്ല ഗുണവും ഉണ്ടോ?

DEPUTY PRESIDENT: ഇൻകംടാക്സ് കൊടുത്താൽ അതു റീഫണ്ടു ചെയ്യും; ഡ്യൂട്ടികൊടുത്താൽ റീഫണ്ടു ചെയ്യുകയില്ല. It was introduced as a war measure in British India and was abolished last year.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): It will be seen that so far as the tea companies are concerned no real extra burdens are sought to be imposed upon them. For practical purposes, they will be paying the super-tax and an additional income tax instead of the export duty. So far as Travancoreans are concerned there may be only a few, probably one or two assessees whose income may be above Rs. 50,000. As regards Tarwads and joint families they will not be taxed to super-tax even if their incomes exceed Rs. 50,000 if they do not exceed Rs. 75,000. As regards individuals however excesses over Rs. 50,000 will be assessed. There will not be many familes or individuals of such incomes. It will thus be seen that ordinary citizens will not be subject to super-tax. A considerable portion of the companies are agreeable to a super-tax rather than the export duty.

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MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : May I know whether, excluding this proposed amendment, do the other provisions of the Incometax Regulation require any amendment?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : Not at present except in respect of those in the Bill. Although at the outset the imposition of super-tax may appear to be burdensome it seems to me that the House will now be able to realise that nothing of that kind will really result.

MR. A. THANU PILLAI (*Trivandrum*) : What will be the number of companies affected by this?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : It is estimated that about twelve tea campanies will be affected, which may pay Rs. 1·77 lakhs as super-tax. Of course they will pay also additional income tax due on account of the raising of the taxable proportion of tea incomes.

MR. A. THANU PILLAI (*Trivandrum*) : What will be the number of tea producers that will be affected?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : Most of the tea producers that will be affected are the companies referred to.

MR. A. THANU PILLAI (*Trivandrum*) : I want to know what percentage of tea producers will be exempted totally from payment because of the abolition of export duty and the non-liability to pay super tax?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : The companies may mostly have to pay.

DEPUTY PRESIDENT : The question that he raised is by the abolition of the export duty some people will be benefited. They will not have to pay either super-tax or export duty. I suppose that is your question Mr. Thanu Pillai?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : There may be some tea growers getting exempted. But tea is a capitalist's concern and I believe that most of the tea going out of the country may be subject ultimately to the incidence of the super-tax and increased income tax.

MR. A. THANU PILLAI (*Trivandrum*) : May I know whether other tea producers will be affected?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : There may be some not affected.

DEPUTY PRESIDENT : There are some who do make some profit; others do not make any profit.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : My statement is of course subject to correction.

MR. REVATI NAL RAMA VARMA RAJA (*Edavagai*) : ഇതുകൊണ്ട് ഗവണ്മെൻറിലേക്കു നഷ്ടമായി വരികയില്ലയൊ?

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DEPUTY PRESIDENT : ഗവണ്മെൻറിലേക്ക് നഷ്ടം വരാതിരിക്കുന്നതിനാണ് സൂപ്പർടാക്സ് വേണമെന്നു പറയുന്നത് .

MR KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : Some 12 tea companies, it has been estimated, will have to pay super-tax.

MR. V. CHELLAM PILLAI (*Tovala*) : How may tea companies are there ?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : I am not quite sure of the total number of such companies.

MR. A. THANU PILLAI (*Trivandrum*) : Government have not got sufficient data to arrive at a conclusion.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : They have got all the data necessary for and relevant to the present purpose.

MR. A. THANU PILLAI (*Trivandrum*) : The member has not given the data.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : I have stated the estimated number of tea companies that would be affected.

DEPUTY PRESIDENT : The data could be examined in the Select Committee.

MR. R. KESAVA PILLAI (*Kottarakara cum Kunnattur*) : May I know how many companies other than tea companies there are ?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : There are about 14 companies or assessees other than tea companies who may be subject to super-tax.

MR. V. CHELLAM PILLAI (*Tovala*) : Are those companies run by Travancoreans ?

MR. KAYALAM PARAMESWARAN PILLAI (*Additional Head Sirkar Vakil*) : Generally speaking it has been found that 85 % of the tea companies are European owned.

MR. V. CHELLAM PILLAI (*Tovala*) : The other companies ?

MR. KAYALAM PARAMESWARAN PILLAI (*Additional Head Sirkar Vakil*) : The majority of the companies that will be affected by the super-tax are run by Europeans I think. That is my impression at any rate.

MR. REVATI NAL RAMAVARMA RAJA (*Edavagai*) : ഗവണ്മെൻറ് ഈ ഗതേതക്കു് ചോദിച്ചതിൽ അവക്കു് മറുപടി പറയുന്നതിനുള്ള ഡോറ അവരുടെ കയ്യിൽ ഇല്ല. ഞങ്ങളുടെ കയ്യിലുംഇല്ല. അതുകൊണ്ടു് ഇതിനെപ്പറ്റിയുള്ള ആലോചന മാറ്റിവയ്ക്കണമെന്നു് അഭിപ്രായപ്പെടുന്നു.

MR. P. S. MAHOMED (*Nominated*) : ഞാൻ ഇതിനെ പിൻതാങ്ങുന്നു.

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MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I oppose the motion and in doing so I would say one word. This matter will be placed before a Select Committee if of course the Council approves of the principle of the Bill and they will have an opportunity of examining all the figures with the greatest accuracy and judge on them. It may not be possible in a Council debate to give all the detailed figures from the papers unless perhaps a very long time is spent for it. But every matter will be placed before the Select Committee and they can examine them and weigh them. In any event it will be more satisfactory to elicit all information and examine all the details in the Select Committee. That opportunity is still before us. I would therefore strongly oppose this motion for adjournment.

MR. REVATI NAL RAMA VARMA RAJA (*Edavagai*): ഇതിനെ മാററി വച്ചില്ലെങ്കിൽ ഇതിന്റെ പ്രിൻറിപ്പിളിനെ സമ്മതിക്കുന്നു എന്നുവരും. അതു സമ്മതിക്കണമെങ്കിൽ മുഴുവൻ സംഗതികളും അറിയാതെ നിവത്തിയില്ല. അതാണു് അഡ്ജോൺമെൻറു വേണമെന്നു പറയുന്നതു്.

DEPUTY PRESIDENT: Mr. Paramesvaran Pillai's argument is that this is an important measure that has to be referred to the Select Committee. Any delay will seriously affect Government revenue and Government will suffer a loss of export duty from a large class of people who are exporting tea from Travancore and they will have to compete unfavourably with tea growers elsewhere. So, you will have to investigate it as early as possible. The other side asks for an adjournment on the ground that they are not in possession of sufficient details and want to examine the Bill in detail.

The motion for adjournment was put and carried, 20 voting for and 18 against.

The Council adjourned for lunch at 2-20 P. M., and reassembled at 3-30 P. M., the Deputy President presiding.

MOTION FOR ADJOURNMENT REGARDING THE RESULTS OF THE ENGLISH SCHOOL LEAVING CERTIFICATE EXAMINATION RECENTLY PUBLISHED.

DEPUTY PRESIDENT: The Council will now proceed with the motion for adjournment given notice of by Mr. Muruvelil Pachu Pillai.

MR. MURUVELIL PACHU PILLAI (*Shertallai*): സർ, ഇതിനു മുമ്പു ഒരിക്കലും ഉണ്ടായിട്ടില്ലാത്ത വിധത്തിൽ അതു അത്ഭുതകരമായി വന്നിട്ടുള്ള ഈ ആണ്ടത്തെ സ്കൂൾഫൈനൽ പരീക്ഷാഫലത്തെ പററി പ്രതിപാദിക്കുന്നതിനു് ഈ കൌൺസിലിന്റെ മേൽ നടപടികളെ നിത്തിവയ്ക്കണമെന്നുള്ളതാണു് ഞാൻ അയച്ചിട്ടുള്ള പ്രമേയത്തിന്റെ സാരം. ഈ ആണ്ടത്തെ സ്കൂൾഫൈനൽ പരീക്ഷയിൽ ന,ന്നാ ഒപേർ ചേന്നിട്ട

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